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### 2014 TRENDS

#### EMPLOYMENT GROWTH

- Employment outlook expected to brighten as law firm enrollment plunges easing the glut of new graduates
- Hiring picture at large firms vary. Trends indicate an uptick in hiring, but probably not at pre-recession levels
- Firms are staffing differently in response to push back from clients regarding fees

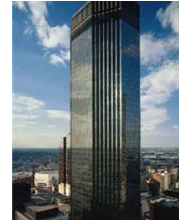
#### CONSOLIDATION OF FIRMS

- While the global market for legal services is \$277 billion, large law firms are competing for a shrinking pool of high end work
- Many brand name firms are continuing to perform well as clients view these firms as a "safe bet" for the most critical legal work. The top 5 law firms in the country accounted for 75% of the M&A work in 2014.
- The best performing firms have aggressively managed expenses, pruned unproductive partners and built depth and breadth in core high rate practices
- Lower priced commodity work is increasingly being snapped up by smaller regional firms
- Results from mergers are difficult to immediately measure because they tend to be long term strategies

#### NETWORK SECURITY

- Clients often entrust firms with valuable information such as trade secrets and market moving information regarding mergers and acquisitions
- Spike in cyber attacks has resulted in many financial institutions demanding their firms better protect sensitive information
- Firms are now investing in technology, software upgrades and are hiring staff to maintain systems and train lawyers on risk mitigation.

### 2014 NOTABLE DEALS



**Briggs & Morgan**  
 IDS Center  
 134,138 SF



**Larkin Hoffman**  
 Normandale  
 8300 Tower  
 49,000 SF



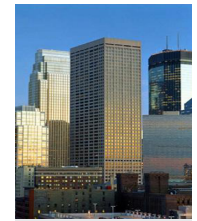
**Fulbright & Jaworski**  
 RBC Plaza  
 23,749 SF



**Loman Abdo**  
 International  
 Centre  
 18,244 SF



**Best & Flanagan**  
 RBC Plaza  
 28,000 SF



**Halleland & Habicht**  
 33 S 6th Street  
 24,347 SF

### MARKET STATISTICS

#### MINNEAPOLIS CBD OVERALL

Average Class A asking rent (\$ / SF)	\$16.05
Average % rent premium for trophy space	25%
Average % rent discount for sublease space	35%
Average annual rent escalation	2-3%

### LAW FIRM OCCUPANCY DATA

<b>23%</b>	<b>842</b>	<b>18</b>
PERCENT OF CLASS A MARKET OCCUPIED BY LAW FIRMS	AVERAGE SQUARE FEET PER ATTORNEY	NUMBER OF LAW FIRMS OCCUPYING 50,000+ SF

### 2014 MERGER ACTIVITY

